GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:5939
ANSWERED ON:31.08.2001
SALE OF ITDC HOTELS
SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of DISINVESTMENT be pleased to state:

(a) the reasons for selling ITDC Hotels to private sector;

(b) the number of employees working in these hotels;

(c) the fate of these employees in the event of privatisation; and

(d) the specific steps proposed to be taken to safeguard their interests?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) The process of disinvestment in India Tourism Development Corporation Limited (ITDC) has been taken up following the acceptance of the recommendations of the Disinvestment Commission by the Government. While recommending disinvestment of ITDC, the Commission observed that:

• ITDC falls under the category of non-core sector industry.

• Public sector is handicapped in providing high quality of services especially in the luxury segment, which is one of the key success factors in the hotel industry.

• Public sector does not have to play a role in providing hospitality services in metro locations where the private sector has established adequate presence in the market.

• In non-metro and other locations where the private sector hotels are yet to establish a presence, the public sector may be suited to play the role of a facilitator rather than direct provider of services.

The role of the Government in the tourism sector should be re-oriented towards facilitating development of tourism and away from actually providing services.

Disinvestment is being considered and carried out in various PSUs in accordance with the declared policy of the Government. According to the policy, in generality of cases, Government will bring down its equity to 26% or below in all non-strategic PSUs. The strategic PSUs are those in the areas of arms and ammunitions; allied items of defence equipment, defence aircrafts and warships; atomic energy (except in the areas related to the generation of nuclear power and applications of radiation and radio isotopes to agriculture medicine and non-strategic industries) and railway transport. This policy covers all Central PSUs.

(b) As on 31.03.2001, the total number of employees in the ITDC hotels/restaurants was 6242.

(c) & (d) The Government is committed to fully protect the interests of the workers, as mentioned by the Finance Minister in his Budget Speech for the year 2000-2001.